



**FILED**

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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company  
for Approval of Power Purchase Agreements  
With Small Generating Facilities.

Application 06-10-003  
(Filed October 3, 2006)

(U 39 E)

**ADMINISTRATIVE LAW JUDGE'S SECOND RULING SEEKING  
ADDITIONAL INFORMATION REGARDING APPLICATION**

Pacific Gas and Electric Company (PG&E) filed this application seeking approval of four power purchase agreements (PPAs). Energy Division and I have additional questions about the application. PG&E shall file and serve its response as soon as possible, and no more than 10 calendar days of this ruling's mailing.

**1. Contract Summary**

Provide a brief narrative describing each project for which PG&E submitted a Power Purchase Agreement (PPA). The overview should include:

- Project history
- Technology, fuel source, RPS-eligibility
- Location
- Energy/capacity
- Transmission requirements
- Developer experience
- Contribution to IOU RPS procurement targets

**2. Discuss reasoning for including a non-RPS eligible project in this Application.**

**3. Pricing**

Provide the following pricing information for each PPA.

Contract Price		Notes
Relevant MPR based on COD/term (\$/MWh)		
90% MPR (\$/MWh)		
Levelized TOD-Adjusted Price (\$/MWh)		
NPV of Contract Payments (\$)		

- a. How did PG&E derive the MPR percentage given the different resource types and products (i.e., biogas vs. electrical generation)?
- b. How was the MPR percentage adjusted to reflect the lack of credit and performance requirements?
- c. Given that the MPR reflects a payment for energy and capacity, how does the proposed price reflect these two components?

**4. Transmission**

Provide further information on each facility's status regarding Section 4.1 of the PPA.

a. Terms and Conditions of Delivery

Discuss point of delivery, scheduling coordinator, allocation of congestion risk, mitigation mechanisms.

b. Transmission and Gen-Tie Upgrades

1. Will the Sellers execute the Small Generator Interconnection Agreement or Rule 21-Generating Facility Interconnection Agreement?

2. What is the status of the agreement and, for new or upgraded projects, the facility's construction?
3. Describe how each facility complies with the Interconnection requirements.
4. Identify upgrades and costs.
5. Describe timing and process for upgrades, including conditions and precedents. Please indicate critical path items and potential contingencies if upgrade(s) are delayed.
6. Describe the facility's metering and data acquisition system.
7. How will double-counting be prevented with the net-metering system at Eden Vale Dairy?

<b>Transmission Details – Small Generator Interconnection</b>	
Interconnection Agreement Executed	
Status of Agreement	
Dependent Transmission Upgrade(s)	
Scheduled Completion	
Point of Interconnection	
Gen-Tie Length	
Gen-Tie Voltage	
Feasibility Study	
System Impact Study	
Facilities Study	

## 5. Standard Terms and Conditions

The RPS standard language PG&E submitted with its amended PPAs with Eden Vale (and Tunnel Hill Hydro) contains a requirement (under the contract term “Definition and Ownership of RECs”) providing the following: “If Seller's Unit(s) is a biomass or landfill gas facility and Seller receives any tradable Environmental Attributes based on the greenhouse gas reduction benefits or

other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Environmental Attributes to ensure that there are zero net emissions associated with the production of electricity from such facility.”

- a. Is Eden Vale aware of the expense that it could incur if required to purchase Environmental Attributes to ensure its operations produce zero net emissions?
- b. Has PG&E discussed the implications of this provision fully with Eden Vale?
- c. How does this PPA satisfy PG&E’s PURPA obligation to accept QF power?

## 6. Major Contract Provisions

- a. Using the matrix below, summarize major contract provisions for each RPS project
- b. Describe additional provisions that were controversial
- c. Describe any Conditions Precedent (any clause in the PPA that conditions performance on another action).

Term/Condition	Phase I	Notes
Type of Purchase (Renewable, etc)		
Project Location		
Delivery Term (years)		
IOU Option		
Conditions Precedent and Date Triggers		
Commercial Operation Deadline (COD)		

Term/Condition	Phase I	Notes
Average Actual Price (\$/MWh)		
Product Type		
RPS-Eligible Certification (Yes/No)		
Project Capacity		
Minimum Deliveries		
Expected Deliveries		
Expected Payments		
Scheduling Coordinator		
Performance Assurances		
Force Majeure		
Daily Delay and Liquidated Damages		
Production Tax Credit Deadlines		
Guaranteed Milestones		
Project Development Security		
No Fault Termination		
Environmental		
Right of First Refusal		

### Project Viability Matrix

Overall Summary Viability Score/Assessment		
<i>Participant Qualifications and Project Plan</i>		
	<i>Previous Experience</i>	<i>Sufficiency of Current Plan</i>
Development		
Permitting		
Financing		
Construction		
Operation		
Transmission Status:		
Fuel/Resource Supply Status:		
Maturity of Technology:		
Site Control Status:		
Site Suitability:		
Permitting Status:		
Financing Status:		
Other Potential Viability Concerns:		
Additional Comments:		

## 7. Simplot Contract Details

a. For the Simplot cogeneration contract, provide a summary of all pricing components, as follows (with citation to the corresponding provision of the contract):

- Energy Payment
- Capacity Payment
- Heat Rate
- O&M payment
- Other costs (list separately)
- Contract term

Based on foregoing, provide a sample calculation of the all-in power price for 1 MW of dependable capacity (without any time of delivery information).

Explain how this price compares to PG&E's posted energy prices for Qualifying Facilities (QFs), available at

[http://www.pge.com/docs/pdfs/suppliers\\_purchasing/qualifying\\_facilities/prices/0107\\_srac.pdf](http://www.pge.com/docs/pdfs/suppliers_purchasing/qualifying_facilities/prices/0107_srac.pdf), <http://www.pge.com/qf>, and [http://www.pge.com/suppliers\\_purchasing/qualifying\\_facilities/prices/index.html](http://www.pge.com/suppliers_purchasing/qualifying_facilities/prices/index.html).

**IT IS RULED** that that Pacific Gas and Electric Company shall file and serve responses to the foregoing questions as soon as possible, and no later than 10 calendar days from this ruling's mailing.

Dated January 31, 2007, at San Francisco, California.

/s/ SARAH R. THOMAS

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Sarah R. Thomas  
Administrative Law Judge

### **INFORMATION REGARDING SERVICE**

I have provided notification of filing to the electronic mail addresses on the attached service list.

Upon confirmation of this document's acceptance for filing, I will cause a copy of the filed document to be served upon the service list to this proceeding by U.S. mail. The service list I will use to serve the copy of the filed document is current as of today's date.

Dated January 31, 2007, at San Francisco, California.

/s/ TERESITA C. GALLARDO  
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